

3
Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: Your Social Security Number or your Driver's License Number.

Oil, Gas and Mineral Lease

THIS AGREEMENT made this 23 day of SEPT, 2008 between, **Carl McElroy and Patricia McElroy, husband and wife.**, whose address is PO Box 685, Crowley, Texas, 76036, hereinafter called Lessor, and **Finley Resources Inc., P.O. Box 2200, Fort Worth, TX 76102**, hereinafter called Lessee,

WITNESSETH:

1. Lessor in consideration of Ten and no/100 dollars (\$10.00), in hand paid of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and producing oil and gas, distillate, condensate, casinghead gas and the by-products thereof, and other liquid or liquefiable hydrocarbon substances, either produced with or contained in any of the foregoing (designated herein as oil and/or gas), laying pipelines, building tanks, roads, power stations, telephone lines and other structures thereon required to produce, save, take care of, market, treat, transport and own said products, the following described land situated in **Tarrant**, County, Texas, to-wit:

0.16 ACRES, MORE OR LESS, LOT TWENTY (20), BLOCK D, OF EDGEWOOD, AN ADDITION TO THE CITY OF FORT WORTH, TARRANT COUNTY, TEXAS, ACCORDING TO THE PLAT OF SAID ADDITION RECORDED IN CABINET A, SLIDE 10182 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

Lessee and Lessor agree that this is a NO SURFACE USE lease and Lessee shall not conduct any operations on the surface of the lands described above, including ingress and egress rights, without the express written consent of Lessor.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to comprise 0.16 acres, whether it actually comprises more or less.

This lease is made subject to all easements and road right-of-ways, if any, affecting the above described land.

2. Subject to the other provisions herein contained, this is a paid-up lease and shall be for a term of **three (3)** years from this date (called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said land or land with which said land is pooled thereunder, or drilling or reworking operations are conducted thereon as otherwise provided in this lease.

3. Lessee agrees to diligently attempt to obtain the highest price possible for any products sold hereunder, subject to market conditions, pipeline capacity and availability or other factors affecting the ability to market said product. The royalties to be paid or caused to be paid by Lessee to Lessor are:

(A) On oil, **25%** of the value of that produced and saved from said land based upon the amount realized by Lessee from the sale thereof.

(B) On gas, including casinghead gas or other gaseous or vaporous substances, produced from said land and processed in Lessee's own absorption or extraction plant or other plant for the extraction of liquid or liquefiable hydrocarbons therefrom or in such plant owned by an affiliate of Lessee or in which Lessee has a financial interest, by stock ownership or otherwise, or recovered therefrom by the use of a drip, separator, or dehydrator system or similar facility, the said Lessor shall be paid **25%** part of the value of the gasoline, distillates, and all other liquid hydrocarbons or petroleum products extracted, absorbed, separated or saved therefrom; provided however, should such gas so produced and processed from said land be used and processed in a plant not owned by Lessee or an affiliate of Lessee or in which Lessee has no financial interest, by stock or otherwise, the said Lessor shall be paid **25%** of the value of all such gasoline, distillates, and other liquid hydrocarbons and petroleum products less the proportionate part of the cost of such processing of same;

(C) On all residue gas and other gas, including casinghead gas, hydrocarbons and other gaseous substances, produced from said land and saved and marketed or utilized on or off the premises, the same to be delivered free of all costs into and through any and all gathering and/or transportation pipelines located on said land or lands pooled therewith owned or operated by Lessee, by stock ownership or otherwise, **25%** of the same net amount received by Lessee from the sale or sales;

(D) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands pooled therewith, capable of producing oil and or gas, and all such wells are shut-in, this lease shall nevertheless continue in force as though operations were being conducted on said land for so long as said well(s) are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the hydrocarbons capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tanks and shall not be required to settle labor disputes or to market gas upon terms unacceptable to Lessee. If, at any time after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each net mineral acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph; however, this lease may not be maintained by such payment for a cumulative period of more than three (3) years after the well is shut-in. Each such tender or payment shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided herein. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

All royalties that may become payable hereunder shall be paid before the second month next following the month in which oil or gas is sold. Lessee shall have the use of oil, gas and water from said land, other than the water from Lessor's wells and tanks, for all drilling and production operations hereunder, and the royalties on oil and gas herein provided shall be computed after deducting any so used.

4. If, at the expiration of the primary term, oil or gas is not being produced in paying quantities from said land but Lessee is conducting drilling or reworking operations thereon, or if, after the expiration of the primary term, production in paying quantities on this lease shall cease, this lease nevertheless shall continue as long as said operations continue with diligence and dispatch without cessation under any circumstances for more than ninety (90) days, or additional drilling or reworking operations are had, which additional drilling or reworking operations shall be deemed to be had where not more than ninety (90) days elapse between the abandonment of operations on one well and the commencement of operations on another well, and if production is discovered either in the well being drilled or reworked at the expiration of the primary term or in subsequent wells commenced or reworked under the provisions hereof, this lease shall continue as long thereafter as oil or gas is produced in paying quantities and/or as long as reworking operations continue without any cessation under any circumstances for longer than ninety (90) consecutive days and/or additional drilling operations are had.

5. Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 40 acres plus a maximum acreage tolerance of 10% or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%, provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern prescribed or permitted by any governmental authority having jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units

formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if there were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other mineral as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of the unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that may be produced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of the revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may at any time dissolve any unit formed hereunder by filing a written declaration describing the unit, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used herein the words "separate tract" shall mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises. Pooling hereafter shall not constitute a cross-conveyance of interests.

6. Lessee, if not in default hereunder, shall have the right at any time during or within six (6) months after the expiration of this lease to remove all property and fixtures placed by Lessee on said land except casing placed in any water well and surface casing placed in any other well. When required by Lessor, and if Lessor is the owner of the surface, Lessee shall bury all pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now or hereafter on said land without Lessor's consent.

7. Notwithstanding anything to the contrary hereinabove contained in this lease, drilling operations on or production from a pooled gas unit or units established under the provisions of this lease shall maintain this lease in force beyond its primary term only as to land covered hereby and included in such unit and this lease may be maintained in force beyond its primary term as to the remainder of the land covered by this lease in any manner provided herein; but if this lease is not so maintained as to the residue portion, Lessee shall furnish Lessor with a recordable release covering said terminated acreage. Upon partial termination of this lease under the provisions herein, Lessee shall have the right to continue to use any existing pipelines, tanks or other facilities located on the terminated acreage and being used in connection with the acreage retained by Lessee and shall not be required to remove the same until this lease has terminated as to all of the acreage covered hereby.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished with proper notification to include a recorded copy of the instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9. No obligation to reasonably develop the leased premises shall arise during the primary term. Should oil, gas or other minerals in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities.

10. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. Should it be asserted in any notice given to the Lessee under the provisions of this paragraph that Lessee has failed to comply with any implied obligation or covenant hereof, this lease shall not be subject to cancellation for any cause except after final judicial ascertainment that such failure exists and Lessee has then been afforded a reasonable time to prevent cancellation by complying with and discharging its obligations as to which Lessee has been judicially determined to be in default.

11. Lessor hereby warrants and agrees to defend title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in the event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil and/or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

12. In exploring, developing, producing and marketing oil, gas and other substances from the lands covered hereby, in primary or enhanced recovery, Lessor does not hereby grant or convey to Lessee the right of ingress and egress to conduct any operations on the leased premises. In exploring, developing, producing or marketing oil, gas and other substances from the leased premises all such operations shall be conducted from lands pooled or unitized with the lands covered by this lease.

13. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells. Notwithstanding the provisions of paragraph 2 above, when drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control (commonly referred to as "force majeure"), this lease shall not terminate because of such prevention or delay and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

14. NOTICE AND PERIOD TO CURE FOR FAILURE TO PAY SHUT-IN: If while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

15. WELL WAITING TO BE FRACED: Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.

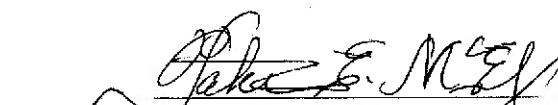
16. OFF-SITE OPERATIONS: As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, reworking or other operations are either restricted or not allowed on said land or other leases in the vicinity, it is agreed that any such operations conducted at a surface location off of said land or off of lands with which said land are pooled in accordance with this lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this lease, except as expressly stated.

17. RENEWAL OPTION. Lessee is hereby given the option to extend the primary term of this lease as to all or any portion of the lands covered hereby for an additional two (2) years from the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying or tendering to Lessor in the depository named hereinabove the sum equal to the original bonus consideration per net mineral acre of lands as to which Lessee wishes to extend this lease. All of the provisions of this lease relating to the payment of rentals and shut-in royalties, including but not limited to the provisions regarding changes in ownership shall apply equally to this payment. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR:

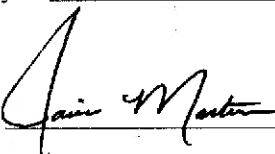

By: Carl McElroy


By: Patricia McElroy

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 20th day of SEPTEMBER, 2008, by Carl McElroy.

My commission expires: DECEMBER 15 2010 Notary Public:

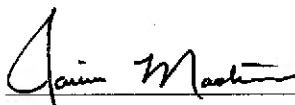


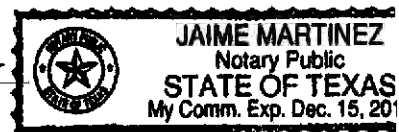


STATE OF TEXAS §
 §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 20th day of SEPTEMBER, 2008, by Patricia McElroy.

My commission expires: DECEMBER 15, 2010 Notary Public:

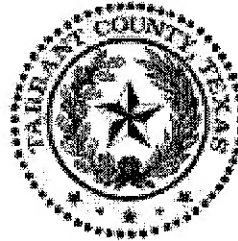




FINLEY RESOURCES INC
POB 2200

FTW TX 76102

Submitter: FINLEY RESOURCES INC



SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 10/02/2008 03:40 PM
Instrument#: D208379259
LSE 4 PGS \$24.00

By: _____



D208379259

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: WD